

Even as the nation deals with war, deficits, and a stumbling economy, it is hard to avoid thinking about our crisis here in Oregon, the worst since the Great Depression.

There will be no quick or easy solutions. It took us 20 years to get here through reckless politics and serial abuse of the initiative process. Fixing it will take time and incremental solutions.

We should start by reducing the volatility of our rollercoaster tax structure, which drives revenues down dramatically with even a modest decline in the state or national economy.

For the last twenty years, one of the most contentious political debates has surrounded the "kicker." This controversial provision refunds the entire excess any time state revenues exceed two percent of the forecast. Since 1986, nearly \$2 billion has been refunded. It should be pointed out that no one was "overtaxed." We paid the established income tax; the kicker was a bonus to Oregonians when state economists couldn't accurately predict economic activity and inflation 30 months in advance.

There is a simple approach which would solve this problem, alleviate people's concerns, and establish a tamperproof formula. The Legislature should submit a constitutional amendment replacing the Kicker with a meaningful "Oregon Rainy Day Fund," the use of which would be subject to voter approval.

Instead of a refund, the kicker funds would be invested, with the income dedicated to education. Before any of the fund could be spent, stringent conditions must be met, including revenue problems and high unemployment. The money could not be used for any new or enhancement programs. No more than half of the fund balance could be taken from the Rainy Day Fund at one time. (You cannot deplete the cookie jar.)

Most important, use of the rainy day fund would be approved not just by the Legislature and the Governor, it would not be effective until approved by the voters. (The people would control the cookie jar.)

If this proposal had been in effect instead of the kicker, we would now have \$2 billion in our Rainy Day Fund and would have given \$1 billion in interest income to our schools. Measure 28 would have not been necessary in January; instead, the voters would have been given a proposal to draw up to \$1 billion from this emergency fund.

While this is not the final solution to Oregon's recovery, it is an important first step.

When people are given an opportunity to have more control in shaping public policy, their participation increases dramatically. The fragmented, piecemeal approach driven by political opportunism guaranteed that Oregonians were never given the full picture. This proposal would engage the public in a positive fashion to create meaningful alternatives. Hopefully, this would signal not just the creation of a critically important Rainy Day Fund to stabilize our long-term finances, it could signal a new era of participation. The Governor, the Legislature, and voters can work to fix the system without playing Russian roulette with local critical services.

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